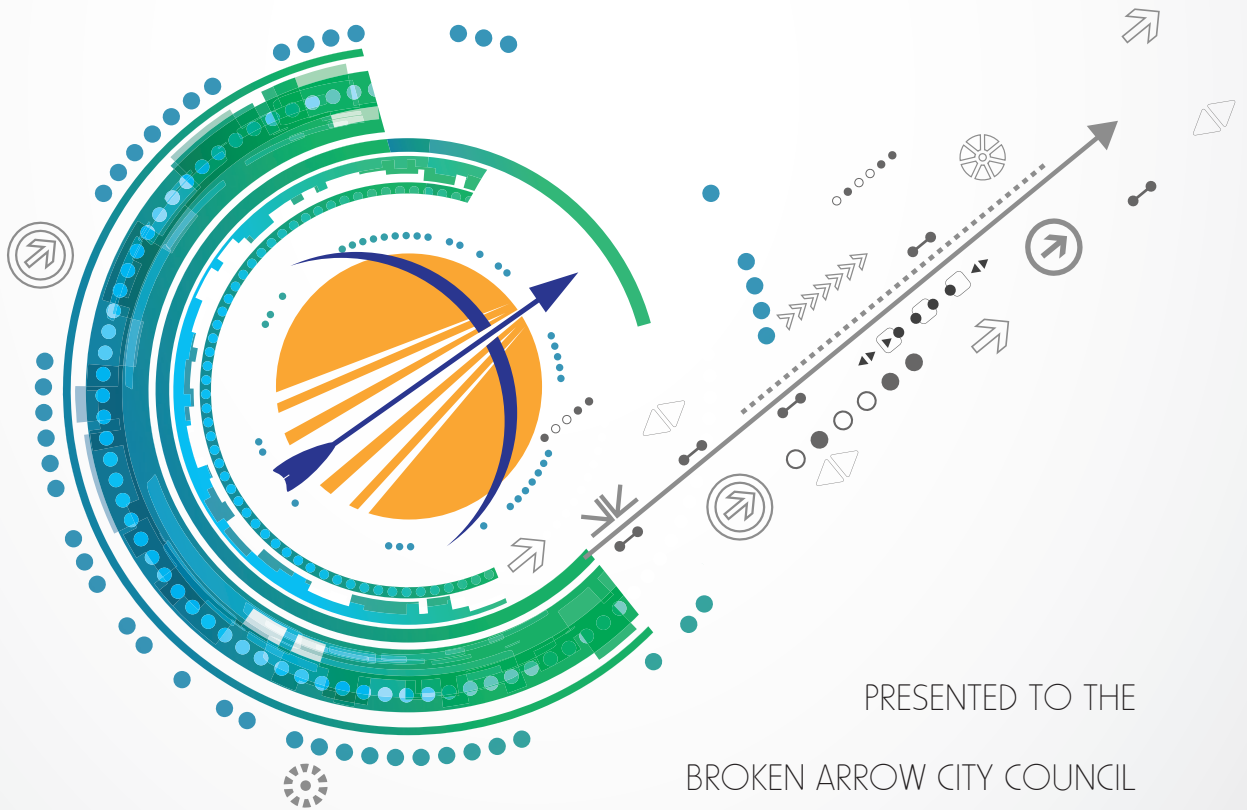


# FINAL REPORT of the FISCAL SUSTAINABILITY COMMITTEE



PRESENTED TO THE  
BROKEN ARROW CITY COUNCIL  
APRIL 21, 2015

## **CITY COUNCIL**

Craig Thurmond, Mayor  
Richard Carter, Vice-Mayor  
Mike Lester, Councilmember  
Johnnie Parks, Councilmember  
Scott Eudey, Councilmember

## **COMMITTEE MEMBERS**

David Boggs, Chief of Police  
Tom Caldwell, Finance Director  
Captain John Cockrell, President,  
International Association of Firefighters  
Sergeant Thomas Cooper, President,  
Fraternal Order of Police  
Ted Cundiff, Citizen  
Russell M. Gale, Acting City Manager  
Russell Peterson, Build a Better Broken Arrow  
Dawn Price, Citizen  
Jeremy Rote, Citizen  
Kenny Schwab, Citizen  
Wes Smithwick, President,  
Broken Arrow Chamber of Commerce  
Rob Whitlock, Citizen  
Beth Anne Wilkening, City Attorney

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# RECOMMENDATIONS

1. That City Staff review the Energy Benchmarking Report and identify opportunities for sustainable programs in City construction projects, buildings and general operations and that Staff further explore opportunities for rebates and grants that support sustainability, as well as promote an environment that encourages conservation of energy and overall cost reduction.
2. That the City Council solicit bids to refinance the note for the Bass Pro project and take steps to advance refinancing if an economic benefit would result.
3. That beginning in Fiscal Year 2016, the debt service for the Bass Pro note be allocated from capital improvement funds rather than from the General Fund.
4. That City Staff maximize its efforts to charge and collect for fire suppression and emergency medical services provided outside the City limits consistent with the amounts set forth in the Manual of Fees and actively oppose legislation that impacts the City's ability to recover its costs for provision of these services.
5. That City Staff review the Special Events Policy and make any necessary recommendations to maximize collection opportunities for the provision of public safety services and/or identify events and circumstances that warrant waiver of charges for provision of these services.
6. That the City Council retain a consultant to complete a cost of service study to assess opportunities for increased collection of both fire suppression and emergency medical services, as well as the feasibility of continued provision of emergency medical services and maintenance of a low Insurance Service Office (ISO) rating.
7. That no cost reduction measures, other than those set forth in other recommendations, be implemented due to a negative impact on staffing and the resulting reduction or elimination of City services.
8. That the City Council retain a firm specializing in municipal operations to perform a cost of services study for functions other than operation of the utility and fire suppression and emergency medical services, as those services have been previously completed or will be addressed in a separate study.
9. That the City Council retain a qualified consultant to perform a financial management evaluation.

10. That the City Council adopt a Manual of Fees for Fiscal Year 2016 which includes an increase comparable with the Customer Price Index (CPI) or some other objective, reasonable standard identified by Staff, for all non-utility fees set forth therein and that the increases for all utility services except sanitation be increased in accordance with the model established by Black and Veatch, the consulting firm that performed the Utilities Rate Study.
11. That the City Council adopt an ordinance providing for an emergency medical services subscription fee at the rate of not less than \$5.00 per month for residents and a reasonable monthly fee, as recommended by Staff, for non-residents.
12. That the City Council adopt an ordinance increasing the Oklahoma Natural Gas (ONG) franchise fee to 4%.
13. That City Staff, in cooperation with the Broken Arrow Economic Development Corporation (BAEDC) and the Chamber of Commerce, actively market all properties located along the Creek Turnpike and Tiger Hill owned by the Broken Arrow Economic Development Authority (BAEDA) for fair market sale.
14. That City Staff, in cooperation with the Broken Arrow Economic Development Corporation and the Chamber of Commerce, actively recruit sales tax generating businesses.
15. That the City Council retain a consultant to complete the master water plan and consider recommendations regarding future water needs and the potential for the sale of treated or raw water.
16. That the City Council submit to the voters a sales tax increase in the amount of 6/10 of one (1) penny at the sunset of the Tulsa County Vision Tax, for the purposes of public safety, economic development, and capital projects.
17. That the City Council submit to the voters an occupancy/lodging tax increase comparable to other Tulsa metropolitan cities at some time in the future, and more immediately, for City Staff to evaluate occupancy tax expenditures and make recommendations for investments that will have a meaningful impact on economic development.

# BACKGROUND

During the Fiscal Year 2015 budget preparation process, there was considerable discussion regarding the City of Broken Arrow's ongoing inability to generate sufficient revenues necessary to meet expenses and maintain service levels the citizens of Broken Arrow have come to expect. Even with increasing sales tax revenues, since Fiscal Year 2011, projected General Fund revenues have been insufficient to cover budgeted expenses. As a result, fund balance has been used to balance the budgets for current and prior fiscal years. Only through savings in operational expenditures has the City been able to minimize the impact on annual budgets. These revenue challenges have negatively impacted staffing levels, maintenance, operations, competitive wages for some employees, and have compromised the City Council's Emergency Reserve Fund Balance policies.

The Fiscal Year 2015 Budget highlighted several examples of the revenue challenges and how they have impacted the organization:

OF THE EIGHT (8) TULSA METROPOLITAN CITIES, BROKEN ARROW IS 7<sup>TH</sup> IN *PER CAPITA* SALES TAX COLLECTIONS.

OF THE TEN (10) LARGEST OKLAHOMA CITIES, BROKEN ARROW IS 9<sup>TH</sup> IN *PER CAPITA* SALES TAX COLLECTIONS.

OF THE TEN (10) LARGEST OKLAHOMA CITIES, BROKEN ARROW HAS THE **LOWEST** SALES TAX RATE.

BROKEN ARROW HAS THE **LOWEST** NUMBER OF EMPLOYEES *PER CAPITA* OF ALL OTHER SIMILARLY SIZED OKLAHOMA CITIES.

The June 6, 2014, Budget Message stated, "there are serious financial challenges that will need to be addressed during Fiscal Year 2015." To that end, it was proposed that a Fiscal Sustainability Committee be established with its primary purpose to investigate, identify and recommend to the City Council new and increased sources of revenue, as well as cost savings measures to improve the condition of the General Fund.

The Committee was formally established by the Council on September 16, 2014. It was determined that the makeup of the Committee would include an appointee by each City Council member, four (4) members of City Staff, and representatives of the Fraternal Order of Police, the International Association of Firefighters, Build a Better Broken Arrow, and the Broken Arrow Chamber of Commerce. Appointments were made by the City Council on October 7, 2014. Russell Peterson was elected Chairman.



The Committee was broken down into three subcommittees: Expenses, Revenue, and Taxation. The Expenses Subcommittee was comprised of Rob Whitlock, Russell Gale, Wes Smithwick, Tom Caldwell, and Russell Peterson. The Revenue Subcommittee was comprised of Ted Cundiff, Beth Anne Wilkening, Dawn Price, and Thomas Cooper. The Taxation Subcommittee was comprised of Kenny Schwab, David Boggs, Jeremy Rote, and John Cockrell. Findings of the Subcommittees are incorporated into this Report.

Of concern to the Fiscal Sustainability Committee was not only the current financial condition of the City, but also the declining reserve fund balances and the downgrade of the City's bond rating. A variety of potential revenue sources and cost savings measures were identified and discussed. This Report summarizes the Committee's research and recommendations to the City Council.

# COMMITTEE ANALYSIS: EXPENSES

## SUSTAINABILITY PROGRAMS

Several years ago, the City of Broken Arrow obtained an Energy Benchmarking Report. This Report was prepared by CLEAResult and sponsored by AEP/PSO. The Report identified opportunities for savings in both cost and energy use.

It is the recommendation of the Committee that City Staff review the Energy Benchmarking Report and identify opportunities for sustainable programs in its construction projects, buildings and general operations. It is also the recommendation of the Committee that the City explore opportunities for rebates and grants that support sustainability, as well as promoting an environment that encourages conservation of energy and overall cost reduction.

## OPPORTUNITIES FOR COST SAVINGS WITH THE BASS PRO NOTE

The Committee reviewed information on the City's Mortgage with Bank of America for the Bass Pro project. The principal amount outstanding as of September 17, 2014, was \$14,643,037.00. The penalty for early payoff would be \$2,867,814.00 as of that date. The interest rate is currently 6.2975%. According to the City's Finance Director, refinancing the note could save money assuming that the City could find a significantly lower interest rate. Staff engaged the City's financial advisors to assess refining the note. It was their conclusion that refinancing the note would not be beneficial.

Nonetheless, it is the recommendation of the Committee that the City Council solicit bids to refinance the note for the Bass Pro project and take steps to advance refinancing if an economic benefit would result.

Contemporaneous with reviewing the feasibility of refinancing the Bass Pro note, Staff considered other alternatives to fund this obligation. Debt Service from this note is presently funded from the General Fund. In December of 2014, a different loan with Bank of America, which was secured by 1/8 of one penny (0.125%) sales tax pledge for capital projects, was legally defeased. Payoff of this loan frees up capital funding which could be utilized to pay debt service on the Bass Pro note. Shifting payment of the debt service frees up approximately \$1,750,000.00 annually in the General Fund.

It is the recommendation of the Committee that beginning in Fiscal Year 2016, the debt service for the Bass Pro note be allocated from capital improvement funds rather than from the General Fund.

#### EMERGENCY MEDICAL AND FIRE SUPPRESSION SERVICES

The Committee researched the ability of the City to recoup a portion of its expenses for fire suppression and emergency medical services outside the City limits. As Oklahoma counties have no legal responsibility to provide suppression services, these are frequently left to neighboring cities or fire protection districts. Pending legislation on fire protection districts could further impact the City's ability to recover actual expenses for these services. It is, therefore, important for Staff to actively monitor this type of legislation and engage a lobbyist when necessary to protect the City's interests.

It is the recommendation of the Committee that the City maximize its efforts to charge and collect for fire suppression and emergency medical services provided outside the City limits consistent with the amounts set forth in the Manual of Fees, and actively oppose legislation that impacts the City's ability to recover its costs for provision of these services.

It was also discovered that the City generally does not charge to stage ambulances or fire trucks at festivals, sporting events, or other community activities. In fact, ambulances and fire trucks are routinely staged without charge to organizers for Rockets over Rhema and Rooster Days. Staging occurs even though the City makes monetary contributions, generally through Convention and Visitors Bureau grants. In recent years there has been an attempt to quantify this presence, as well as law enforcement services as the City's in-kind contributions.

It is the recommendation of the Committee that City Staff review the Special Events Policy and make any necessary recommendations to maximize collection opportunities for the provision of public safety services and/or identify events and circumstances that warrant waiver of charges for provisions of these services.

The City of Broken Arrow currently enjoys an Insurance Service Office (ISO) rating of 2. Independent research conducted by Committee members revealed that the ISO rating could decrease to 5 before citizen insurance rates would be affected. Specifically discussed was an increased ISO rating of 3 or 4. As such, the Committee concluded that it was reasonable to explore this reduction in service as a cost saving measure.

The Committee also discussed the possibility of elimination or reduction of emergency medical services provided by the Broken Arrow Fire Department. Specifically discussed was contracting with EMSA or other provider for these services. Depending upon a variety of factors, this could result in a huge cost savings to the City. A subscription service fee could offset any supplemental costs to the provider.

With that being said, however, the Broken Arrow Fire Department provides excellent emergency medical services to the citizens of Broken Arrow. Should it be decided to continue this high level of service, a sales tax increase would likely be necessary to make up any budgetary shortfalls.

For the reasons discussed above, it is the recommendation of the Committee that the City Council retain a consultant to complete a cost of service study to assess opportunities for increased collection of both fire suppression and emergency medical services, as well as the feasibility of continued provision of emergency medical services and maintenance of a low ISO rating. The Citizens must understand, however, that financial decisions may have to be made to move to a higher ISO rating in the future as it becomes more cost prohibitive.

## COST-CUTTING MEASURES

The Expenses Subcommittee met on several occasions to identify and discuss possible cost-cutting measures that could be implemented by the City Council and Staff. As a part of this analysis, Department Directors were asked to identify ways to cut their current Fiscal Year's budget by ten percent (10%). As expected, the only way to meet this benchmark was to reduce staffing levels. Cost savings measures, such as elimination of travel expenses, reduction of training beyond licensure maintenance requirements and elimination of all non-critical supplies and materials, were insufficient to make an overall impact on the budget.

The Committee concluded that due to the fact that the majority of the General Fund consists of personnel costs, the only way to implement meaningful cost reduction would be to further reduce the number of employees. Staff reduction would result in the need to eliminate or significantly reduce City services. Identified by the Committee for possible elimination were closure of parks and pools, reduction of hours for city services, elimination of school resource officers, reduced funding for economic development activities, and closure of fire stations.

Because the City of Broken Arrow is a very lean organization, with little opportunity for reduction of expenses without eliminating or scaling back City services, it is the recommendation of the Committee that no cost reduction measures, other than those set forth in other recommendations, be implemented so long as City leaders continue to be good stewards of taxpayer dollars.

## COST OF SERVICES STUDIES AND FINANCIAL MANAGEMENT EVALUATIONS

Progressive cities utilize cost of services studies to evaluate the actual expenses associated with the provision of various municipal functions. These studies not only assess a cost to each service, but challenge staff to identify essential, core functions versus those which tend to be more discretionary or optional. They also tend to quantify the overall effectiveness of an organization, as well as provide a measureable comparison with benchmark cities. Last Fiscal Year, the Broken Arrow Municipal Authority received a final report from Black and Veatch, a consulting firm, which quantified the cost of providing water, stormwater and sanitary sewer services. The report contained recommendations for sound financial management of the utility, including proposed rate increases, restructuring of various accounts, and recommendations for minimum reserve fund balances. This report was incredibly beneficial to Staff, as well as the City Council and Municipal Authority. A study focusing on other municipal functions could be very helpful as well.

For the reasons discussed above, it is the recommendation of the Committee that the City Council retain a firm specializing in municipal operations to perform a cost of services study for functions other than operation of the utility (water, stormwater, and sanitary sewer) and fire suppression and emergency medical services, as those services have been previously completed or will be addressed in a separate study.

Some cities utilize public financial management firms to perform financial assessments of their fiscal health and make recommendations on opportunities to increase revenues, avoid deficit spending, manage debt, and make sound investments. On occasion, these firms will be retained at the conclusion of the assessment in a capacity of financial advisor. The financial assessment generally consists of quantification of revenues and expenditures and identification of trends in spending, growth, and revenue streams. These firms can also be helpful in capital project analysis and planning, identifying opportunities for restructuring, and pricing analyses for debt issuance.

For the reasons discussed above, it is the recommendation of the Committee that the City Council retain a qualified consultant to perform a financial management evaluation.

# COMMITTEE ANALYSIS: REVENUE



## INCREASED FEES FOR CITY SERVICES

The Committee reviewed the City of Broken Arrow's current Manual of Fees which outlines charges for Development (building permits, trade permits, inspections, sign permits, fees for annexation, Comprehensive Plan and Zoning changes, Specific Use Permits, PUD's, Site Plans, Board of Adjustment Applications and Platting), Utilities (service line taps, charges for water, sanitary sewer, stormwater and sanitation, meter and leak testing, discontinuation of service, and industrial pretreatment), the Cemetery, Occupational Licenses and Registration, Park and Recreation fees, and other miscellaneous charges and fees. The current Manual was compared to the fees previously charged by the City, as well as fees charged by the cities of Bixby, Owasso, Edmond, Jenks, Norman, and Tulsa. The Committee concluded that although there were differences in the fee structures, Broken Arrow fees appear to be generally comparable with those of other cities.

It is the recommendation of the Committee that the City Council adopt a Manual of Fees for Fiscal Year 2016 which includes an increase comparable with the Customer Price Index (CPI) or some other objective, reasonable standard identified by Staff, for all non-utility fees set forth therein. It is further the recommendation of the Committee that the increases for all utility services except sanitation be increased in accordance with the model established by Black and Veatch, the consulting firm that performed the rate study.

The Manual of Fees was first adopted by the City Council at the beginning of the current fiscal year. Adoption followed a comprehensive assessment of all fees and charges incorporated therein. It is anticipated that increasing the fees will not have a significant financial impact on the overall budget. However, the Committee recognized the importance of incremental increases to keep pace with the actual cost of services provided by the City. Also, incremental increases tend to be more palatable to customers and residents than large increases every few years.

In conjunction with its review of the Manual of Fees, the Committee also explored imposition of General Business Licenses. The Committee concluded that such fees may be considered anti-business and imposition would not be in the best interest of the City.

## EMERGENCY MEDICAL SERVICES SUBSCRIPTION FEE

The Committee researched emergency medical service providers throughout the State of Oklahoma. Several providers utilize a subscription service to supplement the provision of emergency medical services through EMSA. For example, the City of Tulsa collects the sum of \$5.45 per month for this service, but residents have the ability to opt-out of the program. Any resident who opts out is responsible for the entirety of the service provided, less any payments from insurance or other sources. Several Oklahoma cities, however, operate their own ambulance service. Primary providers include those operated by the Fire Departments of Owasso, Chickasha, Davenport, Coweta, and Skiatook. Owasso charges \$7.00 per month for customers receiving water and sewer services and \$10.00 for those that do not. Of this sum, \$4.00 is directed to EMS operations, and \$3.00 goes into a public safety fund for capital projects. Chickasha charges \$4.00 per month for customers and \$60.00 per year for non-customers. Davenport charges \$60.00 per year. Coweta charges \$5.25 per month for residents, with non-residents paying \$22.50 per month for both Fire and EMS services. Residents in Skiatook pay \$5.00 per month.

It is the recommendation of the Committee that the City Council adopt an ordinance providing for an emergency medical services subscription fee at the rate of not less than \$5.00 per month for residents. It is further the recommendation of the Committee that City Staff make a recommendation as to the monthly fee to be charged to non-residents.

In Tulsa, EMSA has an 82% saturation rate. At this percentage, a subscription service would generate approximately \$1,600,000.00 annually. For budgeting purposes, Staff believes this is a reasonable figure if the ordinance is written similar to the City of Tulsa's in that it requires residents to opt-out of the service rather than to enroll. However, even at a 50% saturation rate, the City would generate an additional \$1,080,000.00 per year.

## INCREASE IN FRANCHISE FEES

The Committee also discussed franchise agreements to provide an increased source of income for the City. Cox Cable has a maximum franchise fee of 5% which is the current fee collected. The franchise agreement does provide for a fifty cent (\$.50) per month per subscriber capital contribution for educational and governmental access channels and facilities. This capital contribution may be enacted at any time during the franchise by ordinance duly enacted by a majority of the governing body of the City.

Public Service Company (PSO) of Oklahoma has a maximum franchise fee of 4%. The current franchise fee is 2%. Revision of the franchise fee requires a vote of the people and that vote can only occur at the end of the fifth, tenth, fifteenth or twentieth years from the date of acceptance of the franchise. The franchise was accepted on December 15, 1997. The next opportunity for a vote to increase the PSO franchise fee will be in December, 2017.

The PSO franchise also affords the City the ability to put to a vote of the people, at any time, an increase of 1% of PSO's gross receipts from the retail sale of electric energy. However, this fee is for the purpose of providing the City a source of revenue that shall be used solely in connection with the following purposes: (1) the underground installation of PSO's plants and systems; (2) the relocation of facilities which are necessary due to the construction or expansion of the of public streets; and (3) for the construction of public infrastructure which is necessary or helpful in promotion of economic development.

The PSO Franchise contains a provision known as the Most Favored Nation Clause. It provides that if PSO pays a franchise fee that is greater than 2% of the gross revenues to any other city or town, then PSO shall inform the Broken Arrow City Council. The City Council may then direct PSO to increase the percentage paid under the franchise agreement to the higher amount paid by the other city or town.

Oklahoma Natural Gas (ONG) has a maximum franchise fee of 3% which is the current fee collected. The ONG Franchise also contains a Most Favored Nation Clause. It provides that if ONG accepts a franchise from a city in Oklahoma having a population in excess of fifteen thousand (15,000), with a franchise fee in excess of Broken Arrow's fee, the City Council may direct ONG to pay Broken Arrow such increased rate. In 2013, the City of Tulsa raised their franchise fee from 2% to 3%. Pursuant to the Most Favored Nation Clause, the Broken Arrow City Council, through Ordinance No. 3248, increased the ONG franchise fee from 2% to 3%.

In late fall 2014, the City received notice that ONG had once again increased the franchise fee for an Oklahoma City. This notice provided that by ordinance, the Council had the ability to increase the franchise fee to 4%. This increase would provide an additional \$300,000.00 in annual revenues to the General Fund.

It is the recommendation of the Committee that the City Council adopt an ordinance increasing the ONG franchise fee to 4%.

## AD VALOREM OPERATIONAL FUNDS

Article 10, Section 9, of the Oklahoma Constitution allows Oklahoma municipalities to utilize 10 mills of *ad valorem* taxes for operational purposes. The funding, however, is controlled by the County Excise Board. Traditionally, both Tulsa and Wagoner Counties have retained the entirety of the 10 mills for their own operational purposes. Although a more constant, reliable source of funding, it seems highly unlikely that either Excise Board will approve use of any *ad valorem* funding for the operational expenses of the City of Broken Arrow.

As such, the Committee makes no recommendation for this as a source of funding.

## SALE OF CITY AND BROKEN ARROW ECONOMIC DEVELOPMENT AUTHORITY (BAEDA) ASSETS AND FOCUS ON INCREASED RETAIL DEVELOPMENT

The Broken Arrow Economic Development Authority (BAEDA) currently owns three parcels of land suitable for development. Two of these parcels are located adjacent to the Creek Turnpike. The other is located on north Tiger Hill. At the present time, the residual of City and BAEDA properties are being utilized for operational purposes.

It is the recommendation of the Committee that City Staff, in cooperation with the Broken Arrow Economic Development Corporation and the Chamber of Commerce, actively market these properties for fair market sale.

Of obvious importance to the City of Broken Arrow is increased sales taxes. Although capital funding is important, increased operational revenues are critical to the success of the organization.

It is the recommendation of the Committee that City Staff, in cooperation with the Broken Arrow Economic Development Corporation and the Chamber of Commerce, actively recruit sales tax generating businesses.

## EXPLORE THE SALE OF WATER

The City of Broken Arrow and the Broken Arrow Municipal Authority (BAMA) currently own and operate the Verdigris River Water Treatment Plant. This Plant has the capacity to produce in excess of 20 million gallons of water per day. Previously, the City purchased treated water from the Oklahoma Ordnance Works Authority (OOWA). Millions of dollars in infrastructure in the form of a 36" water line, pump stations, and other appurtenances, as well as real property land interests (fee simple ownership, right-of-way and easements), are currently sitting dormant. The purchase and sale of water could result not only in good use of this significant investment, but also generate much needed revenues for the utility portion of City and BAMA operations.

A number of years ago, prior to construction of the Water Treatment Plant, the City conducted a long range water study. During and following construction, City leadership determined that it was necessary to continue to evaluate the City's long term water needs and began the process of completing a master water plan. Completion of this study is critical to assessing future needs, as well as opportunities for the sale of treated or raw water.

It is the recommendation of the Committee that the City Council retain a consultant to complete the master water plan and consider recommendations regarding future water needs and the potential for the sale of treated or raw water.

# COMMITTEE ANALYSIS: TAXATION

## INCREASE IN SALES TAX

As identified above, the Committee discussed opportunities for increased revenues, but concluded that a sales tax increase is the only way to address the City's long-term operational funding issues. Broken Arrow has one of the lowest sales tax rates in the State. An increase would generate much needed revenue to address the *per capita* sales tax expenditures, as well as staffing concerns. On March 24, 2015, Tulsa County Metropolitan Cities held a press conference announcing the Cities United effort. Mayors from these cities met on several occasions to discuss the sunset of the Vision 2025 Tulsa County Sales Tax. It was decided that the cities would collectively submit to their respective voters a sales tax issue capturing the 6/10 of one (1) penny of the county tax upon its expiration. It was recommended that each community identify their priorities and set forth the necessary percentages on the ballot title. The Committee supports this approach to fund both operational and capital needs. If the measures were successful, it would generate approximately \$8,000,000.00 per year in sales tax revenues.

Therefore, it is the recommendation of the Committee that the City Council submit to the voters a sales tax increase in the amount of 6/10 of one (1) penny at the sunset of the Tulsa County Vision Tax to be divided as set forth above, for the purposes of public safety, economic development, and capital projects.

## INCREASE IN OCCUPANCY TAX

The Committee also discussed an increase in the Occupancy Tax. Committee members emphasized the importance of engaging local hotel and motel operators within the City limits and submitting a lower increase to the voters. The present rate is 4%, with available rebates for timely payment.

It is therefore the recommendation of the Committee that the City Council submit to the voters an occupancy tax increase comparable to other Tulsa metropolitan cities at some time in the future, and more immediately, for City Staff to evaluate occupancy tax expenditures and make recommendations for investments that will have a meaningful impact on economic development.

It is estimated that an increase in the occupancy tax would generate approximately \$240,000.00 per year.

# CONCLUSION



The Fiscal Sustainability Committee held its first meeting in the fall of 2014. Since that time, Committee Members have met on numerous occasions both as a group, and in the Subcommittee setting. As set forth in this Report, Committee Members conducted an exhaustive analysis of potential cost-saving measures and revenue enhancing strategies. The Committee ultimately concluded, however, that a sales tax increase is the only way to address the City's long-term operational funding issues. The sunset of the Vision 2025 Tax on January 1, 2017, provides Broken Arrow citizens in Tulsa County the opportunity to maintain the existing tax rate with the benefit going exclusively to their community. Although Wagoner County citizens would note an increase in sales tax, the rate is believed to be reasonable considering the community benefit.

Committee Members were grateful to have had the opportunity to participate in this process, and those present at the meeting of April 16, 2015, unanimously submit the recommendations set forth in this Report.

Respectfully Submitted,

Russell Peterson  
Chairman  
Fiscal Sustainability Committee